

# INVESTIRE SGR - DISCLOSURE ON TRANSPARENCY ON SUSTAINABILITY THEMES (EX. REG. 2019/2088/EU)

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# 1. INTRODUCTION

## A. PREMISE AND SCOPE OF THE DECLARATION

The present declaration is made by InvestIRE SGR in conformity with the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial sector (SFDR Regulations). This regulation today represents one of the main implementing regulations which, together with the objectives of the Action Plan for Financing Sustainable Growth, wants to incorporate the work of Regulation 2018/852 on the Classification of sustainable economic activities.

In particular, the SFDR Regulations pose as an objective the reduction of the informational asymmetry between financial intermediaries and final investors, harmonizing the obligations for *disclosure* concerning the application of sustainability factors in investment activities. To this end, obligations have been introduced, both at the level of the company, regarding the negative effects of investment decisions on sustainability, and on the level of products, which must be qualified on the basis of their environmental and social characteristics. The information must be reported on the web sites, in precontractual disclosure documents and in periodic reporting.

All the information contained in the present declaration, and in specific those referring to articles 4, 5, 6, 7, 8, and 9 of the Regulations, are given according to the “explain” approach, with reference to the year ending on 31.12.2020 or at the date of the publication of the same. This information represents the current positioning of the company in respect of the themes object of the regulations. Moreover, the present declarations report on some prospective indications on the main areas of management and activities that Investire SGR intends to put in the field to integrate the themes of sustainability in the sector of risk management and more broadly, of the company investment processes.

## B. PROFILE AND ACTIVITIES OF INVESTIRE SGR

Investire SGR is a Single member Asset Management Company, part of the Banca Finnat Euramerica S.p.A. group, to whom the roles of management and coordination is referred to in full respect of the principle of autonomy of which the Company has.

The mission of Investire SGR is to institute and manage FIA real estate. In the activity of asset management, the main operational areas in which the Company is active are:

- Creation of value through the active management of real estate over the long term;
- Valorizing and repositioning of real estate, also in relation to processes of urban regeneration;
- Turnaround of portfolios and operational management of complex divestment on different markets.

Up to 31.12.2020, the assets managed by the Company overall equaled approximately 7 billion Euros (AUM), distributed across 48 real estate investment funds of different types. The funds are both quoted and reserved to institutional investors and professional operators.

The entire assets of the funds are composed of real estate located in Italy and destined mainly for offices and residential use. In specific, in the Investire SGR portfolio 11 funds are present which manage the initiatives of social housing. These funds are characterized by a clear social finality with monitored impacts, as detailed in the following paragraph 3 of the letter A.

## 2. MANAGEMENT OF THE RISK MANAGEMENT MODEL

In reference to articles 4, 5, and 6 of the SFDR Regulations, that is in relation to the consideration of ESG elements in the management of risks at the level of the company and the policies of remuneration, and the presence of a measuring system for the same elements, Investire SGR at the date of the publication of the present document answers in an “explain” modality.

Reported in the following sections are the management processes whose effects will affect all the funds managed by the company, besides the objectives that the SGR intends to pursue in its path of integrating the ESG themes in the company processes.

### A. DESCRIPTION OF THE RISK MANAGEMENT MODEL

The management of risks in Investire SGR concerning the management of funds and the real estate contained within, is currently focused on the identification, evaluation, monitoring, and mitigation of potential non-conformities even in respect to law and regulations of environment related subjects, in respect to construction/urban planning standards and conformity with plant system and safety regulations.

To this end the company has availed itself of a normative and control system covering an ample perimeter of aspects related to the environment, social issues, and good governance, which includes an Ethical Code, an Organizational Model as per Legislative Decree 231/2001 with its relative protocols, and a quality management system with procedures applied to all the funds managed by the company.

With reference to all the investment decisions, both in the acquisition of real estate and in projects of property development, the company foresees undertaking a due diligence with technical, environmental, and legal characteristics, undertaken by independent professional entities. The main areas investigated concern the respect of all the laws and regulations pertaining to construction/town and landscape planning, the environment, plant system regulations and safety. Moreover, in the evaluation process of each investment operation the Function of *Risk Management* poses particular attention, in the context of operational risks, on the results of the town planning technical verification and the environmental *due diligence*, highlighting to the decision-making body eventual criticalities.

Lastly, The SGR<sup>1</sup> monitors semesterly, through a quantitative model, the risks to which each FIA under management could be exposed, evaluating the technical-town planning and environmental risks of each single property and initiative, including eventual problematics in the funds for *social housing*, concerning the social management. An update of the *Fund Risk Model* is currently being implemented with the insertion of ESG risks, which will be evaluated, just as the other risks already present in the model, through the detailed use of opportune *risk indicators*, which will be opportunely weighted, will determine the ESG risk. Lastly, the same ESG components will be the object of an evaluation in the sector of the risks to SGR.

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<sup>1</sup> In compliance to the Directive 2011/61/UE (Directive AIFM) and its relative Regulation

## B. THE EVALUATION OF THE “ADVERSE IMPACTS ON SUSTAINABILITY”

At the date of publication of the present declaration, Investire SGR does not measure the negative effects of its own investments on sustainability, as are represented by the indicators of the *Final Report on draft Regulatory Technical Standards* drafted by the Joint Committee of European Supervisory Authorities (ESAs), that is controversial use destinations, the energy efficiency of properties and the use of natural resources in the development and management of properties managed by the funds.

A better understanding and measurement of these aspects represents for Investire SGR one of the objectives to be reached in the next years. Over the course of 2020, Investire SGR has in fact started to collect in a structured way, data and information on its own properties, with an accounting orientation towards the interested parts, but also to identify opportunities to value and improve the performance, in particular concerning environmental themes.

The data and information collected concern in specific the 19 funds which the company has decided to submit at the next assessment of the GRESB (The Global ESG Benchmark for Real Assets – 2021 edition), the most important and recognized system for benchmarks at the international level for the real estate sector. The participation at GRESB requires the capacity to account for specific environmental, social, and relevant governance aspects, in reference to the activities of management, projects developing new properties or renovations of existing properties, and the good governance and management practices of the company.

The continuity of participation in the GRESB assessment over the course of the next years, together with the amplification of the number of funds participating, is in and of itself a good practice which will:

- Facilitate future compliance foreseen by the SFDR Regulations concerning the measurement of *adverse sustainability indicators*;
- Amplifying the evaluation of portfolio risks to those termed *transition risk*, in line with the approach of the Task Force on Climate Disclosure (TCFD);
- Moreover, to evaluate the alignment of future investment projects in respect to the requirements set out in the Technical Annex of the *Taxonomy for sustainable investments* (ex 852/2020/EU).

Finally, Investire SGR commits itself to build communications to reflect the progress accomplished in respect to the themes object of the SFDR regulations which are complete, transparent, and continuative. To this end, with a gradual approach, an evaluation will be made for the updating of some of the main reporting and communication instruments of the company and the funds, with reference to articles 11, 12, and 13 of the SFDR Regulations, having as an object of annual accounting, precontractual information, the web site, and marketing communications.

## C. REMUNERATION POLICY

Investire SGR is equipped with a human resources remuneration policy at all levels, which, at present, does not include objectives connected to the themes of sustainability. The integration of this policy is in the evaluation phase by the company.

### 3. DISCLOSURE ON PRODUCTS

In reference to articles 7, 8, and 9 of the SFDR Regulation, that is on the merits of the classification of products in the portfolio according to sustainability criteria, Investire SGR answers in this declaration as according to the “explain” modality.

All the funds managed by Investire SGR are substantially homogenous in terms of characteristics and geographic locations of the real estate assets. These assets, moreover, do not include properties connected to economic activities which could be considered controversial or productive “energy intensive” activities.

Have made this premise, in relation to the sustainability profile, in the Investire SGR portfolio we can distinguish three main characterizations:

- The 11 funds for social housing, have clear social finalities;
- There is 1 fund exclusively destined to real estate investments such as RSA, senior living and similar structures;
- The remaining 36 funds, which at this specific moment do not present themselves with quantifiable and connectable characteristics to positive impacts or social finalities.

#### A. THE CHARACTERISTICS OF THE SOCIAL HOUSING FUNDS

The social housing funds, participated by the Fondo Investimenti per l’Abitare (FIA) created by Cassa Depositi e Prestiti (CDP) are characterized by a unique social finality, that is to increase the availability of social housing, as defined in the Ministerial Decree of April 22, 2008. These concern the creation of a housing supply with accessible costs, destined to families not able to satisfy their housing needs in the market, but with incomes above those which give them the right to be assigned public residential housing.

In relation to these funds, Investire SGR monitors the degree of reaching its finalities for each initiative undertaken by the funds, through a ratings system promoted by CDP and managed by an external independent subject. This system is articulated in a first evaluation before the construction (ex-ante), at the end of works (in-itinere/while it is happening) and successively after the tenants have arrived (ex post). The ex-post evaluation is repeated every two years to evaluate improvements and the completion of objectives of each fund.

This evaluation examines some aspects characterizing interventions in social housing, such as: environmental sustainability and efficiency of the buildings; the reference context, in terms of services offered and accessibility; social quality of the architectural planning; housing offering with a particular reference to the economic convenience of the initiative; and an evaluation of the project of social management.

The data collection feeding into the system is undertaken through the compilation of a questionnaire on behalf of the social manager, the involvement of the tenants who express an evaluation concerning the quality of the services received and the perceived satisfaction. The results obtained are also evaluated also on the basis of similar initiatives across the rest of the Italian territory.

## B. THE EVALUATION OF THE CRITERIA 'DO NOT SIGNIFICANT HARM'

Investire SGR foresees evaluations of environmental compatibility for all the investments, but at present does not monitor in a structured way the environmental impacts of the properties under management.

In any case, as the portfolio is composed of real estate prevalently for residential use, offices, commercial and hospitality the main environmental impacts are connected to energy and water consumption for domestic use, as well as the creation of solid urban waste. These impacts are deemed to be on a scale so as to not cause injury to any of the environmental objectives identified in the European Regulation 852/2020, the *Taxonomy of sustainable investments*.

The collection of environmental data and information for the finality of participation of GRESB assessment will enable undertaking more punctual evaluations in the future, even in related to this specific aspect of the guidelines.